policies. Citizens of Switzerland, which is not a member of the EC, voted Sunday to throw out a proposed national tobacco advert ban. The Swiss referendum lended support to opponents of the legislation. "The result emphatically shows that there is no popular mandate for a ban," said Jean Lepere, chairman of the Confederation of European Community Cigarette Manufacturers, adding that the decision reflects a clear need for a fundamental review of the EC's proposal. The European Commission in Brussels suggested a ban on tobacco advertising across the EC over two years ago, but draft legislation has been stalled, largely due to opposition from Germany, the Netherlands, and Britain.

SEITA (FRANCE)

"France Picks Comolli to Head Cigarette Firm SEITA"
France has appointed Jean-Dominique Comolli, currently head of the French Customs Office, chairman of state cigarette and matches group SEITA. Comolli replaces current Chairman Bertrand de Galle.

"France's State-Run Tobacco Firm SEITA Launches 'Brooklyn' Cigarettes"
The state-run tobacco company is betting that French smokers are willing to buy the Brooklyn Bridge -- or at least a brand of cigarettes called ``Brooklyn," with a logo depicting the bridge. The brand went on sale nationwide Monday after test-marketing in northern France that the company, SEITA, termed successful. A 25-cigarette pack of Brooklyns will sell for around $2.37. Known worldwide for its pungent Gauloise cigarettes, SEITA lately has turned to English-language brand names and American-style cigarettes.

PT BENTOEL (INDONESIA)

"Up in Smoke [PT Bentoel Creditors Meet]"
Foreign creditors of Indonesian cigarette manufacturer PT Bentoel, which declared itself in default in mid-1991 and remains in heavy debt, met in Singapore on Nov. 25 to consider new steps for recouping funds lent to the company. Bentoel's default occured after it failed to meet interest obligations on roughly $370 million in debts. Creditors were presented with a report prepared by Hong Kong-based investigation firm Kroll Associates which identified roughly $100 million worth of assets held outside Indonesia by former Bentel president Budiwijaya Kusumanegara and other top company shareholders. Informed sources say many of the creditors are hesitant

to pursue legal claims against these assets for fear of putting business in Indonesia at risk.

DUBEK (ISRAEL)

"Low-Cost Imports Swamp Israeli Tobacco Market"
Tel Aviv--A flood of inexpensive imported cigarettes are threatening to wreak hovoc on Dubek's market dominance in Israel. Recently, Bulgard Tobaccos' M&M brand appeared in shops throughout the country with a strikingly similar label and package design to L&M. And earlier this year a line of Japanese cigarettes were imported for the first time, seizing a respectable market share. Both of the imports compete directly with the Israeli tobacco products made by Dubek, rather than American imports which are twice the price. A wave of cheaper imports is expected from other Eastern European countries, worrying Dubek officials of a shrinking market share. Importers of Lucky Strike and L&M are also aiming for Dubek's customers, as these cigarettes sell at only a 20% premium over Dubek's best seller, Time.

AMERICAN TOBACCO - DECEMBER 1993

"American Brands Says UK Unit Chair to Retire"
American Brands Inc. has announced the retirement of 61-year-old Anthony D. Househam, chairman and chief executive officer of the company's United Kingdom-based Gallaher Ltd. subsidiary. Househam's retirement takes effect Jan. 31, 1994. He will be succeeded by Peter Wilson, 52, who will also fill Househam's positions as member of the American Brands board and member of the board's executive committee. Wilson will move up from his six-year tenure as deputy chairman of Gallaher Ltd. He keeps the title of chairman and chief executive of Gallaher Tobacco Ltd.

"What the Analysts Say: Universal Corp"

Scott & Stringfellow Inc. analyst David L. Beeghly says tobacco-leaf dealer Universal Corp. "should continue to benefit from the acceleration in foreign demand for American-style cigarettes." He adds, "There also is considerable worldwide demand for discounted cigarettes which is causing cigarette manufacturers to buy less expensive tobacco outside the U.S. To meet this demand, Universal has a network of operations in the major tobacco producing regions of the world--Brazil, Zimbabwe, and Malawi." Beeghly says that Universal's "significant cash flow" should allow it to make more strategic acquisitions. "Universal's valuation has been hit along with the valuation of the whole tobacco group," he says. "The tobacco leaf processors have been experiencing a drop in orders because of the uncertainty of new trade laws limiting the use of imported foreign tobacco and the negative impact of a probable increase in cigarette taxes to fund President Clinton's health care reform package." Beeghly expects the world surplus of tobacco to end within the next nine to 12 months and Universal to return to a growth rate of 15 percent.

MISC./INTERNATIONAL - Dec. 1993

"China's New Consumption Tax Levies 45% on Imported Cigarettes, 40% on Cigars"

China publicized regulations Tuesday for three new taxes, part of a new tax system that economists say is critical to the nation's ambitious reform plans next year. The three new taxes are a value-added tax, a business tax and a consumption tax. The People's Daily, the paper of the ruling Communist Party, published the entire text of the three temporary regulations, which go into effect Jan. 1. Tax and fiscal reforms have been described as 'the centerpiece' of China's economic reforms next year, which include transforming state enterprises into market-oriented corporations and making the Chinese yuan freely convertible. Currently, China has no universal tax scales and operates instead on a 'tax contract' system under which the tax rate is set at a specific amount for each province. The rate for the value-added tax has been set at 17% for enterprise sales transactions, including services and imported goods. The consumption tax is mainly a levy on luxury goods, such as imported cigarettes which will be taxed at 45%, cigars at 40%, alcohol by up to 25%, and cosmetics at 30%.

"EC Plan to Ban Tobacco Adverts Attacked After Swiss Vote"

Following Swiss rejection by referendum of a tobacco advertising ban, international tobacco companies advised those seeking to prohibit cigarette advertising in the European Community to rethink their

U. S. TOBACCO - DECEMBER 1993

"UST Cut to 'Hold' From 'Buy' by Salomon"
Salomon Brothers analyst Diana Temple has downgraded UST Inc. to hold from buy because she's "concerned that the excise tax psychology will limit the upside." Shares of the smokeless-tobacco company were down .25 to 26.625.

"U.S. Tobacco Announces Price Hike on Moist Smokeless Tobacco Products"
United States Tobacco Sales and Marketing Company announced, on December 13, 1994, a price increase of approximately 6.3 percent on all its moist smokeless tobacco products, effective immediately.

US Tobacco Consumption, Production to Fall--USDA"
U.S. Agricultural Department economist Verner Grise says U.S. cigarette consumption, production, and exports are expected to drop next year. Grise added that "the outlook for U.S.-grown tobacco during the remainder of the 1990s is pessimistic." Annual consumption could drop by 64 cigarettes to 2,576 per person 18 years old and over, Grise said, "the lowest consumption since 1941 and 41 percent below the 1963 peak."

LORILLARD TOBACCO/LOEWS - DECEMBER 1993

"Loews Could Be Worth More Dead Than Alive"
Loews' Lorillard Inc. tobacco unit has been devastated by the cigarette price war, while its CNA Financial Corp. insurance unit has been hit by a string of disasters and the need to reserve billions for asbestos-related litigation. The result has been a paltry $66 million in income from Loews' continuing businesses this year, according to estimates from Merrill Lynch & Co. analyst Allan Kaplan. While that's better than last year's loss of $267.8 million, it's still 90 percent below 1991's profit of $668 million. Revenues are declining as well, down 3 percent to a projected $13.3 billion this year. Loews now trades at slightly below book value, with its stock price dropping 23 percent in one year to 92.5 and the Council of Institutional Investors naming it the 37th-worst-performing of 1,000 large U.S. public companies.

UNIVERSAL CORP. - DECEMBER 1993

LIGGETT TOBACCO/BROOKE GROUP - DECEMBER 1993

"Law Requiring 75% Domestic Leaf in American Cigarettes Could Hurt Rather Than Help U.S. Tobacco Companies"
Federal legislation intended to protect domestic tobacco growers could be the death knell for Durham's last cigarette maker and will hurt others, an industry-watcher says. ``That may well put the Liggett plant right out of business," James F. Smith, a University of North Carolina at Chapel Hill professor, said of a new federal law requiring American-made cigarettes to contain at least 75% domestic leaf.

"Up in Smoke [Brooke Group in Moscow]"
U.S. cigarette producer Brooke Group Ltd. signed a joint venture with Soviet officials in June 1991 to allow the company to produce locally over 20 billion cigarettes a year in that country. Under the agreement, Brooke Group was guaranteed $50 million annually in hard currency, access to a cigarette-starved smoking population, and the right to develop a prime piece of real estate in Moscow. But as soon as the venture was signed, troubles began to erupt between the company, the city of Moscow, and plant managers and workers. A prolonged court battle has delayed the company from finishing development on their piece of Moscow real estate, and a workforce insurrection was mounted that caused Brooke managers to be locked out of their own plant. The company has tried to resolve the situation in a revised agreement that was signed in July, but no one knows if the venture will ever really pay off. The Brooke Group, which has invested $10 million and gotten no returns so far, stands as an example to other foreign companies that may be considering a move into Russia.

B & W/B.A.T. - DECEMBER 1993

"Britain's BAT Is Planning a Venture in Uzbekistan"
B.A.T. Industries PLC plans to invest between $140 million and $150 million in a joint venture with the tobacco industry in Uzbekistan, a spokesman for the company said. Officials said the money would be used to modernize the tobacco factory in Tashkent and increase its annual capacity. The spokesman added that he expects an agreement for the joint venture to be signed "very soon."

Cigarette marketer B.A.T. Hamburg is currently entertaining pitches for its $20 million HB account, which has been held by Grey Gruppe Deutschland, Dusseldorf, for more than two decades. Grey Gruppe, along with Baader, Lang, Behnken and Knopf, Nageli, Schnakenberg--both of Hamburg--have all been invited to enter bids.

Rothmans of Pall Mall Myanmar Pte Ltd. . EHL will take up the balance equity. RPMS will subsequently form a separate Singapore-incorporated company with Myanmar entreprenuers as a vehicle for the Burmese project.

"Rothmans Profits Up on Currencies as Volumes Dive"
London--Rothmans International PLC has announced that full-year results will only be "satisfactory" because tough trading is likely to persist in many markets. The group previously reported pre-tax profits of 233.4 million stg for the six months to end September, an 11 percent increase, despite a 9 percent drop in worldwide cigarette volumes. The uplift from the previous year's 209.3 million was due to currency gains of 29 million. Profits, however, were hit by a surprise 16.7 million charge for rationalization in Belgium.

HANSON PLC - DECEMBER 1993

"Hanson in 35 Million Stg College Development"
Hanson PLC's Hanson Properties Development arm plans to proceed with a 35 million stg plan to convert part of its Imperial Tobacco site in Bristol, England, into a new college campus. The 56-acre site will provide facilities for 13,500 students and 800 staff currently scattered around nine seperate sites. The college will be housed in Imperial's former headquarters building, and the now disused factory will be demolished, Hanson said.

"Hanson PLC"
Hanson PLC's shares rose 2.3 percent Wednesday following news that the company had reached a tentative agreement with the United Mine Workers in the United States over a coal strike which began 10 months ago. The settlement must still be ratified by union members. Hanson shares closed yesterday up 6p to 266.5p, the equivalent of $3.98. The strike had affected Hanson's Peabody Coal Co. unit and cost the parent 125 million pounds sterling, the equivalent of $186.7 million, for the fiscal year ended Sept. 30. During the final quarter of the fiscal year, Hanson says, the strike was costing the company roughly 25 million pounds sterling every month.

"UK Tobacco Duty to Hit Smokers More Than Stocks"
The United Kingdom's new tax on tobacco products, a 7.3 percent increase, will have more of an effect on smokers than on tobacco company shares, analysts said. "

would watch stock market conditions as it continues to weigh the question.

"JT Shares May Be as Harmful as Cigarettes -- Lawyers"
Three anti-smoking activists from the Metropolitan Association for Control of Tobacco have called on the Japanese government to cancel plans to offer shares of Japan Tobacco Inc. (JT) to the public. "For the health of citizens, the listing of JT shares is something which shouldn't be permitted," said lawyer Yoshio Isayma. Offering JT stock on the market would improve public awareness of the firm while enabling the company to increase cigarette sales, Isayma said.

"Japan 'Waves' Discount Cigarette at U.S. Market"
Japan Tobacco is introducing Wave, a new discount cigarette, in the U.S. market. Wave comes packaged in a red and white box and is being touted as having a blend of tobacco similar to Marlboro's. Japan Tobacco already sells Mild Seven cigarettes in the U.S. market, but has had a tough time reaching American smokers despite the brand's popularity in Asia.

ROTHMANS - DECEMBER 1993

"Rothmans, B&H Launches Cigarette Promising No More Wasted Smokes"
Rothmans, Benson & Hedges has launched a new cigarette innovation called Oxford. The brand is currently being test marketed in London, Ontario, and Quebec City. Oxford is designed to allow a single cigarette to be extinguished and relit without the negative side effects, i.e., burnt taste, normally associated with relighting. To accomplish this, the filter "twists" into a new position for the second smoke, to ensure a fresh taste. In addition, a snipper is included to cut the burnt end off, as is a cardboard tube to extinguish and store the half-smoked cigarette. All of these items come in a metal carrying/storage tin which includes 10 cigarettes and sells for about c$2.55-$3 at retail. Oxford is expected to appeal to smokers who are often in situations where they are not able to finish their cigarettes.

"Rothmans Unit Enters Joint Cigarette Venture in Burma"
Singapore-- Rothmans Industries Ltd said its subsidiary, Rothmans of Pall Mall (Singapore) Pte Ltd (RPMS), has entered into a joint venture to produce cigarettes for sale in Burma by the first quarter of 1995. RPMS' venture agreement is with The Union of Myanmar Economic Holdings Ltd (EHL). RPMS will take up a 60 percent stake in a new US$6.15 million company to be set up and called

ward off further market share erosion. Doral, which has suffered in the recent price war waged by Philip Morris, will see its spending levels rise back up to the $2 million to $3 million range. Cliff Pennell, RJR vice president of savings brands, said the campaign would retain Doral's image as a price value brand but would increase its awareness level nation-wide. Pennell added that he is not ruling out a coupons-for-merchandise program much like the company's Camel Cash promotion. Consumer advertising for the Monarch brand will be kept at the in-store level so that Doral is not adversely affected. Monarch's distribution will be aided by incentives to the trade instead.

"Push to Ban Joe Camel May Run Out of Breath"
The government's move to ban R.J. Reynolds' Joe Camel appears to be losing steam, four months after the staff of the Federal Trade Commission recommended banning the character. The FTC is reportedly divided on the issue. Health organizations and public interest groups have targeted Joe Camel, because they say he appeals to children. In addition, attorneys general from 27 states have petitioned the FTC to begin legal proceedings against the ads. Although the staff recommendation has been widely known for some time, the FTC has never officially confirmed that it is seeking action against the character.
In contrast, several advertising organizations have joined with the American Civil Liberties Union in decrying efforts to ban any form of cigarette advertising. Such efforts, they say, violate the First Amendment and could set a dangerous precedent.

JAPAN TOBACCO - DECEMBER 1993

"Japanese Ministry of Finance to Sell Japan Tobacco Shares in 1994/1995"
The Ministry of Finance hopes to include sales of Japan Tobacco Inc. (JT) shares in the draft of the budget for 1994/95 beginning April 1, MOF Financial Bureau Director-General Masami Ishizaka said. The MOF hopes to sell JT shares as early as possible in the next fiscal year starting April 1994 or the year after, if market conditions allow, Ishizaka said.
In contrast to the announcement, the top bureaucrat at Japan's finance ministry suggested that his ministry is still leaning against listing shares of the government-owned Japan Tobacco Inc. (JT) on stock markets during the current fiscal year, which ends next March 31. On Nov. 29, Jiro Saito, vice minister for administrative affairs and the most senior career official in the ministry, told reporters that going ahead with the government's initial plan to list JT shares in the current fiscal year appears 'very difficult,' though the government

"Cigarette Interest Flags in Racing"
With the threat of tobacco-ad regulation increasing and cigarette giants Philip Morris and R.J. Reynolds bracing for substantial marketing cuts, the world of auto racing may soon have to search for new sponsors. In an effort to stretch its sponsorship dollars, RJR has switched some of its racing alliances. The tobacco company is maintaining its relationship with the Nascar Winston Cup series, but dropping several Camel sponsorships, including the 21-year sponsorship of the International Motor Sports Association's Camel GT Series. Consequently, RJR has added Smokin' Joe's Racing Team sponsorships in the more visible Nascar and NHRA series. Ernie Saxton, publisher of Motorsports Marketing News, speculates that using the Smokin' Joe label instead of the Camel name may be an attempt by RJR to deflect criticism.

"RJR Nabisco to Cut 9.5 Percent of Work Force, Take 4th Quarter Charge of $445 Million"
RJR Nabisco Holdings Corp. plans to eliminate 6,000 jobs, or 9.5 percent of its workforce, a restructuring that will result in a fourth-quarter charge of $445 million, or 32 cents a share. In an interview, Harper said he expected that the job cuts and the restructuring in the company's marketing budget will add an average of $250 million a year in profits. With the cost-cutting program, Mr. Harper said, "We are setting the stage for earnings growth in 1994." RJR also said it will cut corporate overhead, as well as its promotion and merchandising spending. RJR has an estimated marketing budget of $2.5 billion, and tobacco retailers say RJR has already cut its payments to them for giving prominent display to the company's brands and advertisements. RJR and other tobacco companies are also using fewer coupons.

"S&P May Still Cut RJR Nabisco Holdings Debt"
Standard & Poor's Corp. may cut RJR Nabisco Holdings Corp. and its units' BBB-minus senior debt, BB-plus subordinated debt, and BB-plus preferred stock ratings, following the company's announcement that it was restructuring. S&P may cut A-3 rating on RJR Nabisco Inc.'s commercial paper.

"Fitch Affirms RJR Nabisco Unit's Senior Debt"
New York--Fitch Investors Service Inc. has affirmed RJR Nabisco Inc.'s $8.0 billion BBB senior debt, $2.2 billion BBB-minus subordinated debt, and $1.2 billion F-2 commercial paper.

"Reynolds Puts Muscle Behind Doral"
R.J. Reynolds Tobacco Co.'s once-strong Doral discount brand is receiving an influx of marketing dollars over the next few months to

RJR TOBACCO - DECEMBER 1993

RJR Nabisco Holdings Corp. announced on December 15 that its Nabisco International subsidiary, which encompasses food businesses in Latin America, Europe and Asia, will become part of Nabisco Foods Group. The company said H. John Greeniaus, chairman and chief executive officer of Nabisco Foods, will have overall responsibility for the worldwide food business. Nabisco International's executive vice, H. F. Powell, will succeed G. Richard Thoman as president. Charles M. Harper, chairman and chief executive officer of RJR Nabisco, said the new worldwide food organization reflects the company's conclusion that it can manage its food and tobacco businesses more effectively on a global basis. "This combination will enable our domestic and international food businesses to easily share technology, sales and product development expertise as we pursue growth opportunities in North America and abroad," said Harper.

Trademark Registrations In France.
RJR has obtained trademark registrations in France. Camel Express and Wiston Express brands in a 69mm format are listed on the 1994 SEITA (French Monopoly). While registration on the SEITA list is a prerequisite for sale, it does not necessarily mean that brands will be launched. However, new listings generally follow the objectives of all Euro manufacturers in attempting to maintain pricing flexibility.

"Aqua Vie Panel Includes Nabisco Executive"
Aqua Vie Beverage Corp. says that RJR Nabisco Holdings Corp. Executive Vice President and Chief Financial Officer Stephen Wilson has agreed to join its strategic advisory committee, which assists top management in strategic and financial planning. Aqua Vie produces and markets a line of lightly flavored spring water beverages.

'RJR Restructuring Closes Ohio Sales Office"
A North Canton sales office for the troubled R.J.R. Tobacco Co. has closed due to an on-going, companywide restructuring. A company spokesperson could not reveal, for "proprietary reasons," the number of sales people who have been "reassigned." "The office closed because we are restructuring our sales organization to improve efficiency," said Peggy Carter, of R.J.R. Tobacco. "The Akron and Canton areas are still covered, but out of different territories." The company said the layoffs would take several years and would be spread throughout the company's food and tobacco divisions, although analysts predicted the latter would feel the brunt of the restructuring.

Brenda

C3

2072454246